

# Get the Facts: Federal Oil and Natural Gas Leases

**THE U.S. OIL AND NATURAL GAS INDUSTRY** has a long history of safely developing critical energy resources on federal lands. Getting from a potential lease to a producing well is a highly regulated and complex process that ensures affordable and reliable energy and is a key revenue source for the U.S. government.

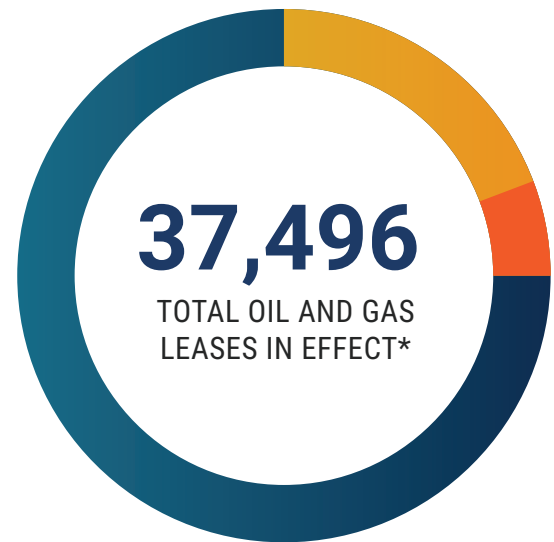
So, while the Biden administration has been repeatedly touting the line that the industry is sitting on 9,000 leases – or more recently 9,000 permits – the reality is that the vast majority of these leases are actively producing oil and natural gas and the remaining leases are currently going through a complex regulatory process that the administration could help speed up.

The majority of leases on federal lands are currently producing oil and gas.

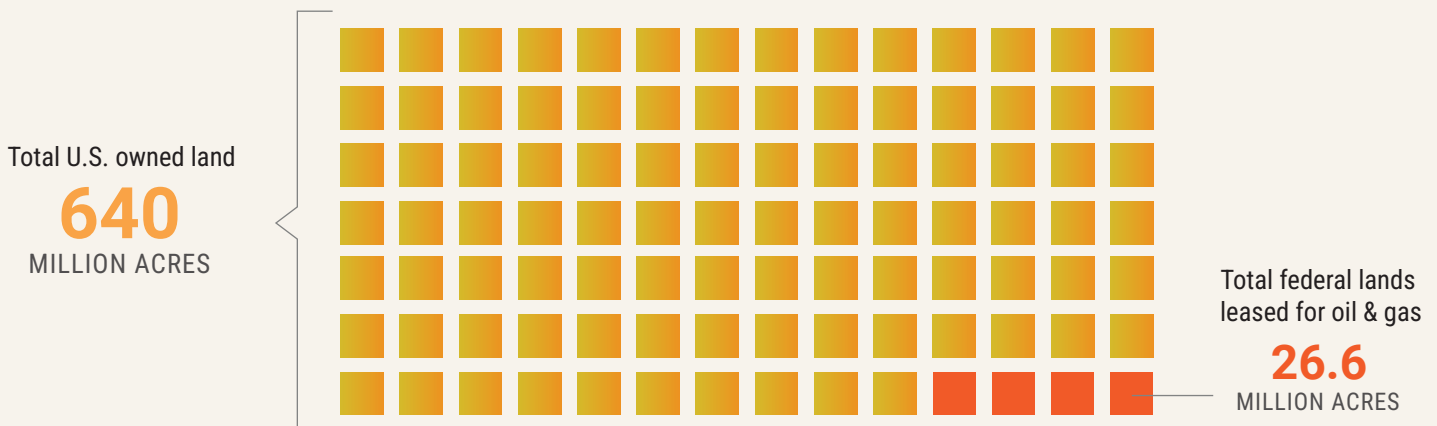
**~75%** of leases are producing oil & gas\*

**~25%** of leases are going through a complex regulatory process or are held up in litigation

**2,200** of the 9,000 so-called unused leases are being defended in litigation by Western Energy Alliance.



Oil and gas development occurs on a small percentage of federal land.





\*This includes all currently active leases (producing and non-producing) and is likely a higher number given first quarter FY2021 sales that took place under the Trump administration.  
 \*\*FY2020 is the most recently available Bureau of Land Management data set so numbers may differ from recent Biden administration comments that appear to capture FY2021 and possibly FY2022 stats.


## So-called “unused” leases are going through complex process of development or are being held up in litigation.

### Developing oil and gas takes time.

Leases are generally awarded for a 10-year time frame – and for good reason: A lease awarded today does not equal a producing well tomorrow or even this year. Long before the first drilling rig gets brought onto a well site or a permit is issued, there is extensive research, environmental analysis and public comment that has to take place.

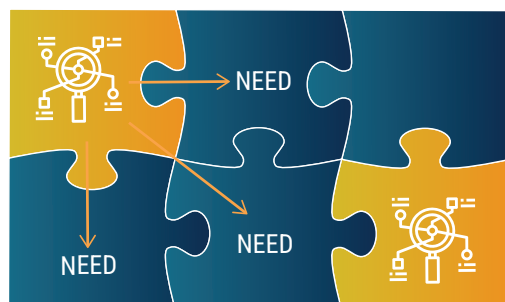
 Just the environmental reviews required by the National Environmental Policy Act can take years to complete, as these are often heavily scrutinized and can require multiple revisions.

 Further, an Approved Permit to Drill (APD) is only one step in the permitting process. Companies need approval for access roads and other infrastructure that is critical to drill and bring a well into production.

 The “use it or lose it” provision regulated under the Mineral Leasing Act requires a lease be returned to the federal government if no production occurs within the designated lease term. Companies pay fees for the entire time they hold the lease so it’s in their best interests to progress in the development process.

### Contiguous acreage is key to reducing environmental impacts and costs.

Think of leasing like putting together a puzzle. You start off with your edges to get a better idea of the big picture, and then once you’ve established that baseline, you connect the inner pieces.



That’s a lot like how leasing is done. A company starts with a piece of acreage it thinks will produce resources and after significant testing and research, is able to see the bigger picture. That often means discovering that a connecting piece of land is needed to have a complete unit or to recover the resource with the least environmental impact.

When that occurs, the company often must wait for the next lease sale and a successful bid to move forward with further developing its existing acreage. Not holding lease sales for an extended period of time can have significant impacts on the ability of a company to bring its existing leased acreage into production.

### An approval to drill does not always mean you can start drilling.

A company often needs to have permits secured for multiple well sites before it can bring in a rig.

THERE ARE ABOUT

**9,173** outstanding approved permits

**4,621** APDs that have yet to be approved.

IT TAKES ON AVERAGE

**140 days** to approve an APD.

Using rigs efficiently requires multiple interdependent permits to be in place. A project may be stalled even if a permit is approved, because other related permits are outstanding.

The permit approval date may not coincide with the best time to drill. Conditions of a permit may be contingent on strict drilling schedules, so a permit issued in February may not be able to be acted upon until much later in the year.

### Some acreage doesn’t have recoverable oil and gas.

When a company bids for a lease, it does so in the hopes that further testing will find recoverable resources, but that doesn’t always pan out. The reality is that some leases will never produce oil and gas.